

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

In re

ASTRIA HEALTH, *et al.*,
Debtors.¹

Case No. 19-01189-FLK11

STIPULATION RELATING TO
DEBTORS' MOTION FOR FINAL
ORDER AUTHORIZING POST-
PETITION FINANCING, USE OF
CASH COLLATERAL AND
RELATED RELIEF

UMB Bank, N.A., as bond trustee ("Trustee"), and Lapis Advisers, LP, as agent (the "Agent" and together with the Trustee, the "Lenders"), and the debtors in the above captioned chapter 11 proceedings (the "Debtors"), make the following stipulations in connection with the "*Emergency Motion of Debtors for Final Order (I) Authorizing the Debtors to Obtain Postpetition Financing; (II) Granting Security Interests and Superpriority Administrative Expense Status; (III) Granting Adequate Protection to Certain Prepetition Secured Credit Parties; (IV) Modifying the Automatic Stay; (V) Authorizing the Debtors to Enter into Agreements with JMB Capital Partners Lending, LLC; (VI) Authorizing Use of Cash Collateral; and (VII) Granting Related Relief*" [Docket No. 15] (the "Financing Motion"):

¹ The Debtors, along with their case numbers, are as follows: Astria Health (19-01189-11), Glacier Canyon, LLC (19-01193-11), Kitchen and Bath Furnishings, LLC (19-01194-11), Oxbow Summit, LLC (19-01195-11), SHC Holdco, LLC (19-01196-11), SHC Medical Center-Toppenish (19-01190-11), SHC Medical Center-Yakima (19-01192-11), Sunnyside Community Hospital Association (19-01191-11), Sunnyside Community Hospital Home Medical Supply, LLC (19-01197-11), Sunnyside Home Health (19-01198-11), Sunnyside Professional Services, LLC (19-01199-11), Yakima Home Care Holdings, LLC (19-01201-11), and Yakima HMA Home Health, LLC (19-19-01200-11).

1. The Debtors' prepetition secured debt obligations include bonds (the "Bonds") issued pursuant to a certain Bond Indenture dated as of November 1, 2017 (the "Bond Indenture") between the Washington Health Care Facilities Authority (the "Authority") and the Trustee. Funds associated with the Agent are the current beneficial owners of the Bonds.

2. Under the Bond Indenture, a related Loan and Security Agreement dated as of November 1, 2017 between the Authority and Debtors Astria Health, SHC HoldCo, LLC, SHC Medical Center – Yakima and SHC Medical Center – Toppenish, and other documents that evidence and secure the Bonds (each a "Bond Document"), proceeds from the Bonds were loaned to Debtors Astria Health, SHC HoldCo, LLC, SHC Medical Center – Yakima and SHC Medical Center – Toppenish and those borrowers covenanted to repay those loans to the Trustee for application under the Bond Documents. The remaining Debtors have guaranteed payment of the Bonds.

3. The Debtors' obligations under the Bonds and Bond Documents are secured by substantially all of the Debtors' assets, including the real property and improvements that comprise the Debtors' hospital and other facilities, accounts, chattel paper, documents, general intangibles, goods, inventory, equipment, instruments, monies, books, records, and proceeds (collectively, the "Bond Collateral").

4. The Debtors' obligations on the Bonds secured by the Bond Collateral include, as of April 1, 2019: (i) unpaid principal on the Bonds in the amount of \$35,400,000; (ii) accrued but unpaid interest on the Bonds in the amount of \$885,000; and (iii) accrued and unpaid fees and expenses of the Bond Trustee, including professional fees (the "Bond Claims").

5. The Debtors' prepetition secured debt obligations include the working capital loan (the "The Working Capital Loan") issued pursuant to that certain Credit Agreement dated as of January 18, 2019 (the "Credit Agreement"), between certain of the Debtors, Lapis Advisers, LP (the "Agent") and others. Under the Credit Agreement and other documents that evidence and secure the Working Capital Loan (each a "Working Capital Loan Document"), proceeds from the Working Capital Loan were loaned to Debtors Astria Health, Sunnyside Community Hospital Association, Sunnyside Professional Services, LLC, Sunnyside Community Hospital Home Medical Supply, LLC, Sunnyside Home Health, Kitchen and Bath Furnishings, LLC, Oxbow Summit, LLC, and non-debtors Sunnyside Hospital Service Corp., Sunnyside Medical Center, LLC, Depot Plus, LLC, Bridal Dreams, LLC, Pacific Northwest ASC Management, LLC, Northwest Health, LLC, Kitchen Appliances, LLC, Home Supply, LLC and Wedded Bliss, LLC and those borrowers covenanted to repay those loans to the Agent for application under the Working

Capital Loan Documents. The remaining Debtors have guaranteed payment and performance of the Working Capital Loan.

6. The Working Capital Loan Documents are secured by substantially all of the Debtors' assets, including the real property and improvements that comprise the Debtors' hospital and other facilities, accounts, chattel paper, documents, general intangibles, goods, inventory, equipment, instruments, monies, books, records, and proceeds (collectively, the "Working Capital Loan Collateral").

7. The Debtors' obligations on the Working Capital Loan secured by the Working Capital Loan Collateral include, as of April 1, 2019: (i) unpaid principal on the Working Capital Loan in the amount of \$10,000,000; (ii) accrued but unpaid interest on the Working Capital Loan in the amount of \$300,000; and (iii) accrued and unpaid fees and expenses of Agent, including professional fees (the "Working Capital Loan Claims").

8. As of the petition date, the liens and security interests associated with the Bonds and the Working Capital Loan were subject and subordinate only to (i) valid and perfected liens held by Banner Bank on all personal property and certain real property of Sunnyside Community Hospital Association ("Sunnyside") as set forth in the Banner Bank Loan Documents² and associated documents (the "Banner

² Capitalized terms not otherwise defined herein shall have the meaning set forth in the Interim DIP Order [Docket No. 82].

Liens”), (ii) valid and perfected liens held by MidCap on certain assets of SHC Holdco, LLC, SHC Medical Center – Yakima (“Yakima”), SHC Medical Center – Toppenish (“Toppenish”), Yakima Home Care Holdings, LLC, and Yakima HMA Home Health, LLC as set forth in the in Schedule 9.1 to the MidCap Credit Agreement (the “MidCap Liens”), and (iii) valid and perfected purchase money security interests of record, if any.

9. The record of the proceedings on the Financing Motion includes, without limitation, the Financing Motion, the hearing transcript for the hearing on the Financing Motion held on May 8, 2019, the declarations of Mike Lane and John Gallagher filed by the Debtors in support of the Financing Motion, the Lenders’ objections and response to the Financing Motion and the objections and responses to the Financing Motion, if any, filed by other parties in interest.

10. The Bond Documents and Working Capital Loan Documents that appear as Lenders’ proposed Exhibits G through EE are deemed authenticated and admissible for all purposes in connection with the Financing Motion.

11. The interim and audited financial reports that appear as Lenders’ proposed Exhibits GG and HH are deemed authenticated and admissible for all purposes in connection with the Financing Motion.

12. The Debtors’ system EBITDA for the month of April 2019 was approximately \$1.775 million.

13. The trailing twelve months' EBITDA for Sunnyside through April 2019 is \$11.7 million. The trailing twelve months' Net Revenue for Yakima and Toppenish through April 2019 is a combined \$141.9 million.

14. The stipulations set forth herein are for purposes of the final hearing on the Financing Motion only and are without prejudice to any lien review or challenge rights of the official committee of unsecured creditors in these proceedings.

Dated: June 13, 2019

/s/ Samuel R. Maizel

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